UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 4
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September 11, 2009

Mr. Mark Prescott, Chief
Deepwater Ports Standards Division (CG-3PSO-5)
United States Coast Guard Headquarters
2100 Second Street, S.W.
Washington, D.C. 20593

Subject: Port Dolphin Liquefied Natural Gas Deepwater Port Final Environmental Impact Statement; Docket Number: USCG-2007-28532; CEQ: 20090228; ERP: CGD-E03019-FL

Dear Mr. Prescott:

Pursuant to Section 309 of the Clean Air Act (CAA) and Section 102(2)(C) of the National Environmental Policy Act (NEPA), the U.S. Environmental Protection Agency (EPA) Region 4 has reviewed the U. S. Coast Guard's (USCG) Final Environmental Impact Statement (FEIS) for the proposed Port Dolphin Liquefied Natural Gas (LNG) Deepwater Port. Under Section 309 of the CAA, EPA is responsible for reviewing and commenting on major federal actions significantly affecting the quality of the human environment. In addition, EPA is a cooperating agency in accordance with NEPA for this project because Port Dolphin LLC has applied to EPA for National Pollutant Discharge Elimination System (NPDES) and CAA permits to construct and operate this facility. EPA provided comments on the Draft EIS by letter dated June 2, 2008.

Port Dolphin Energy LLC proposes to construct, own and operate an LNG receiving and regasification facility in the Gulf of Mexico approximately 28 miles offshore from Manatee County, Florida. The proposed port would consist of two submerged-buoy mooring points to dock two vessels concurrently while allowing them to be unloaded sequentially. Vaporization of the LNG would occur aboard specially designed shuttle and regasification vessels (SRVs) by means of a closed-loop Shell and Tube Vaporization (STV) system. Flexible gas pipeline risers from each bottom mooring would connect to the docked vessels. The gas would flow into new pipelines along the seabed extending approximately 2 miles from each mooring to a common junction and then into a 46-mile pipeline to a connection on the shore, 4 miles east of Port Manatee. The proposed peak regasification capacity would be 1.2 billion standard cubic feet of gas per day.

EPA continues to favor the closed-loop vaporization technology proposed for Port Dolphin. It is important, though, for USCG and the Maritime Administration to ensure that the port is built and operated as defined in the FEIS and the applications for permits. We refer specifically to the understanding that the SRVs calling on the port would depart the port upon completion of unloading rather than having a continual presence of vessels at the port. A major positive aspect of the port is that no vessels or other indication of port operations would exist when not unloading, and therefore no air emissions, wastewater discharges or other impacts to the marine waters would occur at such times.

We recognize the ease with which on-board operations at Port Dolphin could be switched to an open-loop regasification mode with high volumes of seawater withdrawal. We request that the modes of operation be carefully logged and reported as conditions of the permits and approvals of this project. Interagency coordination and additional environmental data and technical analyses would be necessary to address potential environmental concerns of any substantial changes in the operation of the port.

All agreed to conditions for minimizing and mitigating identified adverse impacts to marine resources at the port should be included in the Record of Decision (ROD). All operational constraints relative to minimizing air pollutant emissions should also be itemized in the ROD. The USCG indicates that it is leaving the preparation of the environmental monitoring and mitigation plan and final drafting of its approval conditions until the permitting stage. Details of these aspects are very important to the overall operation of Port Dolphin. Adequate time should be scheduled for agencies to review these plans. Since there is to be a commitment to a full year of pre-operational sampling/monitoring of plankton at the site, this plan needs to be made final, soon.

Based on EPA's review of the FEIS, we have no major environmental concerns with the proposed port. However, EPA still is unclear about the data collected for evaluating alternative ports and pipeline routes, and we have a few concerns about the air impacts assessment methodology that are specified in the enclosure. These concerns should be further addressed in the ROD. Please provide EPA with several copies of the ROD. Also note that in accordance with the Deepwater Ports Act, EPA will be commenting directly by separate letter to the Secretary of the Department of Transportation, about whether this facility could be permitted relative to NPDES and CAA regulations.

Thank you for the opportunity to review and comment on this document. Please contact directly staff in our Water Division and Air Division, with whom you've coordinated previously, on remaining permitting issues. If you wish to discuss EPA's comments on the FEIS, please contact me at 404/562-9611 (mueller.heinz@epa.gov) or Ted Bisterfeld of my staff at 404/562-9621 (bisterfeld.ted@epa.gov).

Sincerely,

Heinz J. Mueller, Chief
NEPA Program Office
Office of Policy and Management

Enclosure: Additional EPA Comments
cc: MARAD, Washington, DC
NMFS, St. Petersburg

ADDITIONAL COMMENTS ON THE PORT DOLPHIN FEIS

1. **Alternatives Analysis** - EPA is familiar with the nature of the bottom habitat in the project area and that a patchy assemblage of hard-bottom outcrops exists. We are pleased that the alternative southern pipeline route was recently surveyed as noted in the response to EPA's comment about not having data specific to the alternative. However, the response to EPA comment #14 indicates that the post-DEIS survey was for cultural resources (Sec. 4.3.2.1), not benthic living resources. Another comment response directs reviewers to Table 4.2-1, but this table is about Marine Protected Areas and does not provide the requested data. Appendix F2 includes a map of benthic features for the alternative southern port site and the one pipeline route to shore. Text on page 4-75 infers that no site-specific data were collected but instead the analysis utilized publically available resource maps. Therefore, it is still unclear what data were collected on the southern port site alternative and pipeline route. EPA recognizes that a reasonable case is made for the selection of the preferred site and pipeline route based on it being 4 miles less in length.

2. **Ichthyoplankton Monitoring** - We note the August 21, 2009, Federal Register Notification of the corrections made to the FEIS. They pertain mostly to the tabulation of impacts to designated sand resources. Additionally, the notice presents a clarification of the proposed monitoring of marine ichthyoplankton, presented on page 4-243. One year of pre-operational sampling will be required, and the entire duration of monitoring will be a minimum of three years. Notably, this monitoring of planktonic life will include the invertebrate population, which is composed of numerous groups but dominated by crustaceans, a major food of larval and post-larval fish. The relative abundance of other major planktonic components is important to determine along with the abundance of ichthyoplankton. We believe it will be difficult to document mortality within the plankton by just analyzing pre-operational water samples in the port vicinity with water samples taken during operation, unless the various water discharges from the SRV are analyzed separately. Please note the error in the new text of defining "ichthyoplankton' to include both fish and invertebrate plankton.

3. **Air Particulates** - Table 4.7-12 indicates a predicted total PM 2.5 concentration of 342.9 ug/m^3, which reviews should take note is a typographical error and should be 32.9 ug/m^3.

4. **PSD Air Impacts Modeling** – Table 4.7-10 (page 4-186) shows project 24-hour PM10 emission impacts greater than the Class II significant impact level (SIL). Therefore the text in this section and the Executive Summary stating the predicted impacts at Class II receptors are below the SIL for all pollutants is not correct (see pages 4-185, and ES-10). Based on the proposed modeling procedures, cumulative impact assessments, including other applicable emission sources, should be performed for this pollutant prior to receipt of a construction permit to evaluate compliance with applicable federal and state air quality standards and increments. Cumulative compliance modeling has not been provided to date.

5. **PSD Air Impacts Modeling** - The CALPUFF model version used in the impact modeling was not the EPA approved regulatory version needed for impact modeling in support of a federal preconstruction permit under our Prevention of Significant Deterioration Program. The regulatory versions of the CALPUFF modeling system are not required for the FEIS, but are required for modeling provided in support of the construction permit, as was previously discussed with the USCG and the applicant in January 2008 prior to release of the DEIS. Hence, the results of the modeling ultimately used for the PSD permit may differ from the results reported in the FEIS. The meteorological input record was developed with the non-regulatory CALMET program; the CALMET (version 5.53a) processed meteorological data were not USEPA approved for use for the PSD permit application; and worst case impact scenarios may be model/meteorological data dependent, resulting in different scenarios for the PSD and FEIS modeling.

6. **Air Emissions** - Tables providing project construction and operational emissions either do not provide values for $PM_{2.5}$ or indicate that $PM_{2.5}$ emissions are the same as PM_{10} emissions. Clarification on expected $PM_{2.5}$ emissions will be needed prior to receipt of a PSD permit. In addition, adequate rationale is necessary for any use of PM_{10} as a surrogate for $PM_{2.5}$. Such rationale should be based on the facts and circumstances of the specific project and not on a general presumption that PM_{10} is a reasonable surrogate for $PM_{2.5}$.